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STATE OF MONTANA

*Office of the Legislative Fiscal Analyst*

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September 24, 1992

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TO: Legislative Finance Committee

FROM: Skip Culver *RMC*  
Associate Fiscal Analyst

RE: Background on HB 999

**BACKGROUND**

Superintendent of Public Instruction Nancy Keenan has asked to address the committee at its September 28 meeting concerning the implementation of House Bill 999 and resulting issues that may need to be addressed in the 1993 session. The following memo provides general information concerning House Bill 999.

During the January 1991 session, the legislature enacted and the Governor signed HB 999: "An act to generally revise the laws relating to out-of-state district placement of children with disabilities; to provide state funding for the educational programs for eligible children placed in in-state residential treatment facilities or children's psychiatric hospitals; and to provide an appropriation."

This legislation was enacted to relieve local school districts from the costs of providing education for children from their district who had emotional and psychiatric problems and were placed in treatment facilities. Prior to this legislation, the educational costs of children placed in these treatment facilities was the responsibility of the child's local school district, which was required to make payments to the treatment facilities in order to provide this education.

HB 999 appropriated \$2,471,000 for the biennium from the general fund to the Office of Public Instruction (OPI) for the purpose of funding educational programs within the in-state treatment facilities. This biennial appropriation was reduced during the January 1991 special session by 8 percent to \$2,273,320. Under current law, education costs for children with disabilities placed in out-of-state facilities are paid from OPI's special education appropriation.

PLEASE RETURN

## MAJOR PROVISIONS OF HB 999

- \* Appropriates funds from the general fund to provide education programs for children with emotional disturbances attending in-state residential facilities and children's psychiatric hospitals.

- \* Imposes cost controls on education costs in residential facilities and children's psychiatric hospitals by limiting funding to an allowable cost schedule.

- \* Requires the OPI to fund from its special education appropriation the costs of educational fees for children with disabilities placed out-of-state.

- \* Removes board and room as an allowable cost in special education and requires that state agencies making placements of children are responsible for these costs.

- \* Ensures that all children attending in-state residential facilities and children's psychiatric hospitals have available a publicly-funded education, whether the child has a special disability or not.

- \* Provides for OPI to contract with the public school district where the psychiatric or residential facility is located if the facility fails to provide an appropriate education or fails to negotiate a contract with OPI.

## CURRENT STATUS

Using the appropriation in HB 999, OPI has contracted during the current biennium with the following in-state treatment facilities to provide educational services to Montana children in the facilities: Deaconess Intermountain Children's Home in Helena, Shodair Children's Hospital in Helena, the Yellowstone Treatment Center facility in Billings, and the Rivendell Psychiatric Centers in Billings and Butte. These five facilities currently have 296 beds available, of which OPI estimates approximately 190 are occupied by students from Montana's school districts.

Children are placed in these facilities in various ways: 1) voluntary admission by the family; 2) court-ordered commitment; and 3) placement by the Department of Family Services. OPI states that it has no control over the admission of children to these facilities.

Four of the five facilities require medical authorization before a child is admitted. While Deaconess Intermountain Children's Home requires medical authorization for children who are medicaid-eligible, it does accept children whose treatment costs will be privately paid without medical referral.



In order for OPI to pay special education costs for a child placed in an out-of-state treatment facility, OPI must approve the placement. During fiscal 1992, OPI funded education costs of 82 students in out-of-state placements for an approximate cost of \$479,000 from its special education appropriation. OPI has budgeted \$496,000 from the special education appropriation for out-of-state placement for fiscal 1993.

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